

MINUTES
Virginia Port Authority Board of Commissioners - Session 341
VPA Conference Room
600 World Trade Center, Norfolk, Virginia
November 22, 2011

Pursuant to call by Chairman Michael J. Quillen, the Board of Commissioners convened its regular meeting November 22, 2011 at 11:50 a.m., in the VPA Conference Room, 600 World Trade Center, Norfolk, Virginia. The following were in attendance:

Commissioners:

Michael J. Quillen, Chairman
Jennifer D. Aument
Scott R. Bergeron
James M. Boyd
Juliann J. Clemente
The Hon. William H. Fralin, Jr.
Frank E. Laughon, Jr.
John N. Pullen
Robert M. Stanton
Jeffrey D. Wassmer
Ting Xu

Commissioners Absent:

Manju Ganeriwala, State Treasurer

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Rodney Oliver, Deputy Executive Director and CFO
Jeffrey Florin, Deputy Executive Director, Operations and COO
Russell J. Held, Deputy Executive Director, Development
Linda G. Ford, Director, Port Promotion
Ed Merkle, Director, Port Security and Emergency Operations
David James, Director, Contracts and Real Estate
Greg Edwards, Director of External Affairs
Heather Wood, Director of Environmental Affairs
Carla Welsh, Manager, Creative Services
Joe Harris, Media/Public Relations Manager
Erika Snow, Benefits Clerk
Debra J. McNulty, Clerk to the Board

Guests:

David Tyeryar, Deputy Secretary of Transportation and CFO
Jeffrey R. Allen, Assistant Attorney General
John Ryan, Vandeventer Black, LLP (VIT Corporate Counsel)
William Harrison, Williams Mullen (VPA Bond Counsel)
JoAnne Carter, Public Financial Management
Kristy Choi, Public Financial Management
Ira Smelkinson, Morgan Stanley

Guests (continued):

Sewor Kim, Morgan Stanley

John Kirn, Siebert Brandford Shank, Co., Inc.

Richard Hurlbert, Kaufman & Canoles

Joseph A. Dorto, President and CEO, VIT

Joseph P. Ruddy, Executive Vice President and Chief Operating Officer, VIT

Thomas Capozzi, Vice President, Global Sales and Customer Service

Regina P. Brayboy, Vice President, Administration and Financial Services, VIT

Kara Matzko, Virginia Intermodal Management LLC

Josh Brown, *The Virginian-Pilot*

Peter Frost, *The Daily Press*

INTRODUCTIONS

Ms. Linda Ford introduced guests in attendance and also announced that there were two members of the media in attendance from *The Virginian-Pilot* and *The Daily Press*.

I. APPROVAL OF MINUTES

Action: Upon motion made by Ms. Aument, seconded by Mr. Bergeron, the minutes of the regular meeting held September 27, 2011, and special meeting held October 24, 2011, were unanimously approved.

Chairman Quillen suggested a change in schedule for November board meeting dates that fall before the Thanksgiving holiday. (Note: Next year's meeting is scheduled to be held on November 27th which is *after* the holiday.)

The Chairman announced that several Board members had suggested that staff prepare an events calendar for the Board, possibly on our website. He also mentioned that Mr. Boyd had suggested that VPA invite representatives from several industries to speak to the Board who are from the ship lines, railroads, and maritime-related businesses.

II. REPORTS OF COMMITTEES

A. Executive Committee

Chairman Quillen presented Resolution 11-13, which would approve a Third Amended and Restated Articles of Incorporation of Virginia International Terminals, Inc., to add two VPA Board members to the VIT Board. The Chairman advised that this item had been the subject of discussion with regard to improving communication between the VPA and VIT Boards. He emphasized that there is "nothing wrong and nothing broken". Chairman Quillen reported that, by expanding the VIT Board to include two VPA Board members, it will provide a direct line of communication and enhance VIT's Board with the talent from the VPA Board.

Action: Upon motion by Ms. Clemente, seconded by Mr. Bergeron, the VPA Board unanimously approved the Third Amended and Restated Articles of Incorporation of VIT, which includes the addition of two VPA Board members to the VIT Board.

Chairman Quillen explained that VIT will look at changing the Bylaws of VIT but that it was important for the VPA Board to amend the Articles of Incorporation at this time. Mr. Bergeron expressed appreciation to the VIT Board in welcoming this change.

At this time, Chairman Quillen announced that Ms. Clemente and Mr. Boyd have accepted to sit on the VIT Board and that they both recognize the obligations involved. The Chairman offered the appointments of Ms. Clemente and Mr. Boyd for consideration by the Board.

Action: Upon motion by Mr. Stanton, seconded by Mr. Wassmer, the VPA Board unanimously approved the appointments of Ms. Clemente and Mr. Boyd to serve on the VIT Board of Directors.

B. Nominating Committee

1. Consideration of Resolution 11-14, appointing a new Director to the VIT Board for a six-year term beginning December 1, 2011 and ending November 30, 2017

As Chair of the Nominating Committee, Mr. Stanton reported that it was the Committee's decision to approve the appointment of Mr. Robert W. Jones, Jr. to the VIT Board of Directors for a six-year term, to succeed Mr. Franklin (Lin) Earley. Mr. Stanton referred to Mr. Jones' biographical resume that was distributed after the Nominating Committee meeting. He reported that Mr. Jones has been in the transportation logistics business all of his life and he is semi-retired as President of DD Jones Transfer & Warehouse Co., Inc., a family-owned business.

Mr. Stanton advised that Mr. Jones met with him and with Mr. Boyd previously and he confirmed that Mr. Jones is an excellent candidate for the seat on the VIT Board of Directors.

Action: Upon motion by Mr. Stanton, seconded by Mr. Bergeron, the Board approved Resolution 11-14, appointing Mr. Robert W. Jones, Jr. to a six-year term to the VIT Board from December 1, 2011 to November 30, 2017.

C. Finance/Planning Committee

1. Presentation of VPA's Audited Financial Report for Year-Ended June 30, 2011

Mr. Bergeron reported that the Finance/Planning Committee had a very active meeting this morning. He briefly reviewed the audit summary that was reported by Ms. DeeAnn Compton, Audit Director, Office of the Auditor of Public Accounts. The information is outlined in VPA's Audited Financial Report for Year-Ended June 30, 2011, which was mailed to Board members. Mr. Bergeron referred to the one-page Audit Outline that was contained in the agenda book. He reported that APA issued a clean audit – which is an unqualified opinion with no instances of noncompliance and no indications of fraudulent transactions or illegal acts. Mr. Bergeron advised that the audit identified two significant deficiencies that will be resolved within the next 9 to 12 months that involve improving IT security program and improving Microsoft SQL server security.

2. Consideration of Resolution 11-15, supplementing Resolution No. 02-4 of the Virginia Port Authority and authorizing the issuance of up to \$115,000,000 of the Authority's Commonwealth Port Fund Revenue Refunding Bonds, Series 2012, and related matters.

Mr. Bergeron presented Resolution 11-15 and reported that the Finance/Planning Committee heard presentations from the financial advisor and bond counsel on the Authority's proposal to refinance the 2002 outstanding issue. He reported that VPA has an opportunity to refinance approximately \$110 million of bonds that are coming due. He noted the Commonwealth's ruling on net present value. According to the Authority's financial advisor, given current market conditions, the taxable refunding produces net present value debt service savings of not less than 3%. Also, according to the resolution, should market interest rates at the time of pricing of the Series 2012 Bonds be such that the taxable refunding does not meet a minimum of 3% net present value debt service savings, the Authority could undertake the tax-exempt refunding.

Mr. Bergeron also mentioned that, according to IRS guidelines, the tax-exempt bonds cannot be issued more than 90 days prior to the first optional redemption date, which is July 1, 2012. In a tax-exempt scenario, the Series 2012 bonds would be issued on or after April 2012, and the Authority would use the proceeds to refund and defease all or a portion of the Series 2002 Bonds. The refunded Bonds would be redeemed on or after July 1, 2012. Mr. Bergeron reported that the break-even period for refinancing costs is four months on the 10-year no-call bonds.

In the interest of time, Mr. Bergeron suggested that the consultants not review information that they had presented in the Finance/Planning Committee meeting.

Action: Upon motion by Mr. Bergeron, seconded by Ms. Aument, the Board unanimously approved Resolution 11-15, supplementing Resolution No. 02-4 of the Virginia Port Authority and authorizing the issuance of up to \$115,000,000 of the Authority's Commonwealth Port Fund Revenue Refunding Bonds, Series 2012.

Mr. Bergeron reported that the Committee also heard cost-savings measures proposed by both VPA and VIT management. He expressed appreciation to both organizations for their efforts. Mr. Bergeron announced that the Committee had asked for 5%-7% in cost reductions. He advised that VPA/VIT each presented a 3% reduction scenario in addition to the \$2.4 million in savings realized this year. Mr. Bergeron said it was a major step and their efforts should be applauded for these suggested savings. He said there were also some suggestions for additional cost cuts that could be made but that they would be "cut to the bones" measures and he said it is not the Board's intention to severely impact services and staff.

Mr. Bergeron reported that VPA/VIT management would implement a cost-savings campaign with staff to present to the Committee but that these cost savings would not affect the organization or staff. Mr. Bergeron said the Board's recommended focus was in the areas of General and Accounting (G&A) and maintenance.

Lastly, Mr. Bergeron expressed to Mr. Bridges and Mr. Dorto that the Board is completely supportive of both staffs and he wanted it known that the Board has not asked for lay-offs beyond the voluntary early retirement program. He emphasized that there is no request for staff cuts as part of this cost-savings plan.

Mr. Dorto asked for the Board's support for the three-year program that was discussed at the October 24th meeting in Richmond. He advised that the VIT Board discussed this it at their recent meeting. Mr. Bridges added that the staff would be in a better position if they had confirmation from the Board.

Chairman Quillen explained that there is no resolution currently drafted to document this information. He advised that there needed to be a resolution or a letter stating that the Board does not intend cuts that will affect services or cause lay-offs. The Board unanimously agreed.

3. VPA/VIT Combined Financial Reports

Mr. Oliver announced that members of the Board had received copies of VPA's Consolidated Financial Report and the APA's audit report. He advised that the consolidated report contains some of the best information available on the Port. Chairman Quillen agreed and said the document contained a lot of the information that had been addressed over the last few months and he suggested that Board members keep it for reference.

Mr. Oliver continued with a presentation of the combined VPA/VIT financials for the four months ended October 31, 2011. He announced that operating revenues were below budget and that container volumes year-to-date are flat compared to prior year. Operating expenses were below budget and Mr. Oliver explained that Hurricane Irene caused some delays in services with advance preparation work being done in anticipation of the storm.

Mr. Oliver reported that rail volumes are substantially ahead of what was anticipated. Mr. Fralin asked for monthly TEU moves tracked by month. Mr. Oliver advised that he, or Russell Held, will present that information beginning with the January board meeting.

Mr. Oliver advised that terminal maintenance expenses and general and administrative expenses are under budget and that management is continuing to hold down expenses. He reported that depreciation is on target and he reported on non-operating revenue and expenses – interest income/interest expense. Interest expense was under budget primarily due to a smaller than anticipated bond issue in July. Mr. Oliver advised that interest expense is anticipated to go down further with the refinancing bond issue that will take place in January.

Mr. Oliver reviewed capital contributions and transfers and reviewed the Commonwealth Port Fund (CPF) allocation, which is the Port's 4.2% share of the Transportation Trust Fund. He concluded with an overview of the (FY12) Goals and Objectives Dashboard. Mr. Oliver reported that the financial goal is currently \$2.4 million ahead of budget which positively affects the FY2011 operating loss.

Chairman Quillen suggested that the safety goal be included on the Security/Safety Committee agenda for follow-up.

D. Facilities Committee

Mr. Florin presented the Capital Outlay Program and Facilities Maintenance Overview and he described each of the following projects:

- Median Rail – Second Track – Project completion scheduled for December 30, 2011

- NIT Marshalling Yard – Approximately 6,000 linear feet of storage track on former Norfolk-Portsmouth Beltline rail yard site. Will improve overall rail operations at NIT. Final completion scheduled for June 2012
- NIT Gate Improvements – Project currently in the design phase. Security, interchange, and transfer zone automation, personnel shifted to remote facility. Automation, appointment system and remote processing will reduce staffing. Annual savings \$2M - \$3M

Mr. Ruddy explained gate manning procedures and a “kitchen” concept where individuals will move around the terminals to man various gates. Mr. Dorto advised that the Navis (N4) system is critical for this project.

- NNMT Pier C Bollard Upgrade – Upgrading bollards on the dock so bigger ships can be moored – Substantial completion by January 2012
- APM Reefer Plugs – Installing 28 reefer plugs at APMT; developing plans to add additional plugs if needed.
- Craney Island Eastward Expansion:
 - South & Division Cross Dikes Phase I – Project is 90% complete with substantial completion by November 30, 2011
 - South & Division Cross Dikes – Stage 2A – Placing stage 2 foundation lift of sand; dike foundations will be visible. Construction will begin in December – Completion scheduled for April 2012
 - Paradise Creek Wetland Mitigation – Planting 11 acres of tidal wetlands in partnership with the Elizabeth River Project – Project completion scheduled for November 2012

Mr. Florin described the Craney Island Eastward Expansion (CIEE) as a dual-purpose project which extends Craney Island as a dredge disposal area while also building land for a future Craney Island Marine Terminal (CIMT). He reported that the sand re-use for Craney Island is from dredging that is being done in Baltimore. Mr. Florin advised that a presentation on Craney Island contained in the updated 2040 Master Plan will be presented at the January board meeting.

Mr. Florin provided an update on the ongoing repairs to Crane #7. He explained that APMT and ZPMC are using a “flame straightening” method to bring the boom perpendicular to the wharf. The repairs will be completed this week and they expect the crane to be accepted by mid-December.

Chairman Quillen advised that the Craney Island presentation should be presented to the full Board rather than the Finance/Planning or Facilities Committees. He said the Board needed to hear how the bonds would be applied, funds, permitting, and the economic forecast going forward with APMT II, as far as timing and options. Mr. Fralin agreed that Craney Island is tied in with APMT II planning.

E. Marketing/Business Development Committee

Ms. Aument thanked everyone for agreeing to push back the Marketing/Business Development Committee meeting to 2:30 today. Mr. Held presented the FY2012 business report for July-October compared with the same period in FY11:

	<u>FY2012</u>	<u>FY2011</u>	<u>% Change</u>
Total TEUs	655,882	657,591	-0.3
Import TEUs	347,240	345,973	.4
Export TEUs	308,642	311,618	-1.0
Total Rail Containers	114,758	97,496	17.7
VIP Containers	10,922	9,900	10.3
Ship Calls	625	622	.5
Break-bulk Tonnage	120,474	92,184	30.7

Mr. Held reported that tonnage is basically flat and that exports are continuing to grow more than imports, which is happening at all U.S. ports. He advised that the Inland Port is continuing to do well with retail and that break-bulk is growing due to steel, wood, paper and automobiles.

Mr. Held reviewed container units – budgeted versus actual – for FY12. He reported that Newport News Marine Terminal is expecting 8,000-10,000 units per year for the Infinity vehicles, commencing November 17, 2011.

Mr. Held announced new economic development projects:

- **Ace Hardware** – They will establish a 336,000 SF build-to-suit redistribution facility at CenterPoint Intermodal Center in Suffolk – creating 75 new jobs.
- **NEXCOM** - New facility at CenterPoint Intermodal Center in Suffolk - consolidating two existing facilities to support Northeast distribution for the nation’s Navy families.
- **Green Mountain Coffee Roasters** - Recently announced the company will purchase a 330,000 SF building in Shirley T. Holland Intermodal Park. GMCR expects to create 800 new jobs within the next five years.
- **Albany Industries** - Recently announced they will locate a furniture manufacturing facility in the City of Galax and invest \$2.5M in Virginia, creating 335 new jobs.
- **Cuisine Solutions, Inc.** - Recently announced they will expand their Loudoun County manufacturing facility and invest nearly \$0.5M, creating 50 new jobs.
- **Federal-Mogul Corp.** – Plan to expand their Blacksburg manufacturing facility, investing \$10M, creating 50 jobs.
- **BackCounty.com** - Will locate a fulfillment center in Montgomery County. They are the largest online retailer of outdoor gear. This will create 200 new jobs with an investment of \$20M.

Mr. Held reviewed economic development announcements in 2011 and provided the following economic development statistics for CYTD2011:

Square Footage: Over 4.2 Million
Total Jobs Created: 2,850
Estimated TEU Throughput: 54,056 +
Total Development Announcements: 23

Chairman Quillen commended the VPA development staff and Marketing/Business Development Committee for their efforts. Mr. Fralin suggested that the Committee review an assessment of port competitors every 6-12 months.

F. Security Committee

1. Consideration of Resolution 11-16, revising the VPA Bylaws to rename the “Security Committee” to “Security/Safety Committee”.

Mr. Wassmer reported that the Security/Safety Committee focused on safety issues and had a closed session with the FBI Joint Maritime Task Force to hear a maritime threat assessment and transition of the Port’s security workforce. He presented Resolution 11-16, the Bylaws revision, for consideration by the Board. Mr. Wassmer noted that it was Mr. Bergeron’s suggestion to the change the name of the Security Committee to include Safety.

Action: Upon motion by Mr. Wassmer, seconded by Mr. Bergeron, the Board unanimously approved Resolution 11-16, revising the VPA Bylaws to rename the “Security Committee” to “Security/Safety Committee”.

Mr. Wassmer presented Resolution 11-17 for consideration by the Board. He explained that the resolution would formally adopt the “VPA/VIT Occupational Health and Safety Policy”.

Action: Upon motion by Mr. Wassmer, seconded by Ms. Aument, the Board unanimously approved Resolution 11-17, adopting the policy.

At this time, Mr. Merkle presented a Port Security and Safety Overview and discussed the following projects:

- Terminal Safety Unit (TSU) – Implemented October 10, 2011. Formed to limit the number of vehicles on the terminal. Mr. Merkle described the functions of the TSU.
- OHSAS 18001 Initiative
- Safety Incident Report – Reviewed Lost Work Days (LWD), Industry rates, and OSHA.

Mr. Merkle reported that VIT had two bad months in July and August with only one incident each in September and October. He advised that the goal for the year is 19 or less based on a goal of 15% reduction of 22 from last year. Mr. Merkle advised that current LWD is at nine, year-to-date. Mr. Ruddy described the staircase that is now used for individuals to safely enter a straddle-carrier cab.

Chairman Quillen asked Mr. Merkle to begin reporting on severity of incidents. Mr. Merkle reviewed the Safety Incident Report for industry-wide and Mr. Ruddy reported that VIT’s numbers are the lowest in the industry.

III. REPORT OF EXECUTIVE DIRECTOR

Mr. Bridges announced that Mr. Martin Briley, Executive Director of the Virginia Economic Development Partnership, has agreed to speak to the Board at the January 24, 2012 meeting. He advised that Mr. Briley will be meeting with VPA representatives December 1st on a joint business prospect meeting.

Mr. Bridges announced that the Administrator/CEO of the Panama Canal, Mr. Alberto Alemán Zubieta, has agreed to speak to the VPA Board at the March 27, 2012, meeting to talk about the expansion and how VPA can partner with them on joint marketing efforts.

Mr. Bergeron suggested that the Marketing/Business Development Committee prepare information for that meeting. Mr. Bridges asked Mr. Held and Mr. Capozzi to work with the Committee.

Mr. Bridges announced that the Governor's Transportation Conference will be held at the Norfolk Waterside Marriott in Norfolk from December 7-9, with over 700 registrants expected. VPA is hosting the conference with several port tours planned. Mr. Bridges said he will be moderating a panel on the subject of intermodal infrastructure with Chairman Quillen as a member of the panel. Mr. Bridges also mentioned the "transportation park" that will have equipment on display from VPA/VIT, DMV, VDOT, MIRT and police/fire department, for public viewing. He acknowledged the work of Ms. Wood and Ms. Ford on the conference.

The following agenda items were discussed:

1. Proposed Legislation – 2012 General Assembly

Mr. Keever reported that the VPA legislation that is proposed for the 2012 General Assembly Session is currently being reviewed by the Secretary's office. He advised that the legislation includes work on administrative language, the structure of VPA, tax incentives and sunset laws. Mr. Keever advised that this package has not been completely vetted by the Secretary's office and is not ready for public discussion. He explained that they are working on legislation to have VPA modeled like a private business plus other economic development opportunities.

2. Status Report on the Port of Richmond

Mr. Bridges announced that VPA had signed an agreement to operate the Port of Richmond and that the operation has worked well so far. He explained that the barge service runs between Norfolk and Richmond and the purpose was to relieve congestion on the highways and reduce truck emissions. Mr. Bridges reported that the barge is currently moving about 3,500 boxes in both directions and calls at APMT, NIT, and Richmond. He advised that the operation is running as financially efficient as possible. Mr. Bridges reported that almost \$17 million in subsidies have been provided for the barge service and that VPA is looking for ways to make the operation self-sustaining without subsidies.

Mr. Bridges described the barge capacity and manning hours. Mr. Fralin mentioned that total barge traffic was down and he advised VPA to come up with long-term strategies for the Port of Richmond. Mr. Keever agreed and said that VPA is currently in negotiations with customers about expanding volumes through the port. Mr. Bridges mentioned the inner-harbor barge and reported there are several customers who have signed on for the service. Mr. Ruddy talked about the second barge service and labor restrictions that relate to inter-state versus intra-state.

Mr. Pullen suggested that VDOT do something about access to the Richmond port. Mr. Tyeryar advised that VDOT and Department of Rail need to work together on that issue.

3. Update on Proposals for Portsmouth Marine Terminal (PMT)

Mr. Bridges reviewed several proposals that VPA has been considering for the use of PMT. He advised that five letters of intent have been submitted for small parcels of land but that VPA is trying to coordinate projects in order to section off the terminal to accommodate these needs while at the same time keeping the terminal open for bigger projects.

Mr. Bridges reported that a lease with Skanska for the Midtown Tunnel project is pending signatures but that VDOT has not announced an award of the contract, to-date. Mr. Bridges said that VPA staff are evaluating several proposals and will report back at the March board meeting on the results.

Mr. Bridges reported that a proposal from CenterPoint for a 500,000 square foot facility had been received and he advised that VPA may want to look at building a warehouse with a 20- to 30-year lease with a tenant who could guarantee an income and possibly building to their specifications. Mr. Bridges reported that the proposed warehouse building is less than VPA's specifications. He added that VPA wants to make sure there is a firm commitment for cargo. Mr. Bridges asked staff to prepare a memorandum on the proposals for PMT.

Mr. Bridges also mentioned the proposal for a wind-farm operation by Gamesa and Mr. Oliver reported that he is currently working on confidentiality agreements. Mr. Dorto mentioned negotiations with International Salt. Mr. Bridges said he wanted to put together a proposal for the entire terminal rather than "piecemeal" a plan. Mr. Dorto said the decision to build a warehouse is critical in order to determine where to build the remainder of operations.

Chairman Quillen asked for an update at the January board meeting with a strategic plan. Mr. Laughon thought the wood-chip facility was a good potential. Mr. Held mentioned his talks with the wood-chip and bulk operators and said the tonnage from those businesses would be substantial.

4. Update on the proposed Chassis Pool Operation

Mr. Bridges reviewed the history of chassis ownership and pools, the creation of the Hampton Roads Chassis Pool (HRCP I) in 1997, and creation of HRCP II in 2004 which is managed by Virginia Intermodal Management (VIM), L.L.C. Both organizations are wholly-owned subsidiaries of VIT.

Mr. Bridges reported that VIM is responsible for all aspects of pool operation including maintaining proper equipment levels, migration, repositioning, and maintenance and repair. HRCP II is managed by a Board of Directors consisting of ship lines and VIT and is operated to financially break even.

Mr. Bridges reviewed the efficiencies created with HRCP II with the reduction of chassis' on the terminal. He reported that ship lines have expressed an interest in divesting themselves of their assets and will no longer provide a chassis in relation to the movement of intermodal cargo. Notifications were made by ship lines in locations across the country except for Hampton Roads. Mr. Bridges reported that VIM, VIT, and the VPA have been working with the lines in their desire to exit the chassis business and that the main objective is to ensure no disruption in operations and maintain control of pricing.

Mr. Bridges advised that he will present a review of the plan to the Finance/Planning Committee in January, for approval. Mr. Laughon commented that truckers are very concerned about charges and Mr. Bridges agreed that was a big concern that will affect all ports.

Mr. Ruddy reviewed VIT's modeling with regard to charges and explained the positives and negatives of the three scenarios. He advised that the chassis pool gets out of insurance, debts and maintenance. Mr. Laughon said it was important to know what other ports are doing. Chairman Quillen suggested that VIT also explain the leasing information.

5. **CLOSED SESSION**: Discussion of Legal Matter with Counsel under §2.2-3711 (a) (7) of the Code of Virginia

At 2:10 p.m., at the request of Chairman Quillen, Ms. Clemente presented a motion for the Board of Commissioners to go into a closed executive session in accordance with the Virginia Freedom of Information Act, §2.2-3711 (a) (7) of the Code of Virginia, for discussion of a legal matter with the Assistant Attorney General. The motion was seconded by Mr. Bergeron.

The Board came out of closed session at 2:20 p.m., and Ms. Clemente read the following resolution certifying the closed session. The motion was seconded by Mr. Laughon.

Whereas, the Virginia Port Authority Board of Commissioners had convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and; Whereas, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Commissioners that such closed meeting was conducted in conformity with Virginia law; Now, therefore be it resolved, that the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Commissioners.

The resolution passed by a roll call vote of the VPA Board as follows:

Ayes: 10 (Aument, Bergeron, Boyd, Clemente, Fralin, Laughon, Pullen, Stanton, Wassmer, Xu)

Nays: 0

Absent During Vote: 1 (Ganeriwala)

Absent During Meeting: 1 (Ganeriwala)

6. Consideration of Resolution 11-18, ratifying the settlement of Romao v. Virginia Port Authority (Sao Paulo Brazilian Labor Court)

Chairman Quillen presented Resolution 11-18, for consideration by the Board and announced that the settlement amounted to \$315,403.05.

Action: Upon motion by Ms. Aument, seconded by Mr. Laughon, the Board unanimously approved Resolution 11-18, ratifying the settlement of Romao v. Virginia Port Authority (Sao Paulo Brazilian Labor Court).

IV. UNFINISHED BUSINESS

Chairman Quillen announced that the Memorandum of Understanding on Route 460 was approved at the Board's meeting in Richmond on October 24th and is now signed by both parties.

The Chairman commended the Finance/Planning Committee on the cost-cutting initiatives. He also remarked that Board chairs are stewards of their committees and that he depends on their advice and sign-offs on port matters that require their oversight.

V. NEW BUSINESS

No Report

VI. ADJOURNMENT

Mr. Art Moyer, Executive Vice President of the Virginia Maritime Association (VMA), arrived at this time to address the Board and he thanked Chairman Quillen for allowing him the opportunity to describe his organization's involvement with the maritime community. Mr. Moyer reported that he met with several of the new VPA Board members and that he looks forward to getting to know everyone. Mr. Moyer described VMA's work with local businesses and VPA/VIT staff in identifying, addressing, and solving port issues.

Mr. Moyer talked about VMA's close working relationship with VPA/VIT and he said it was the opinion of the maritime community that the Board need not "reinvent the wheel". He remarked that the VMA would be the first to come to the Board and demand action if they felt that VPA and VIT were not properly managed. Mr. Moyer mentioned that port customers need reassurance from the VPA Board. Mr. Moyer concluded by saying there is no port in the U.S. with the future potential as that of the Port of Virginia and that VMA plans to continue supporting the Commonwealth and the VPA.

Chairman Quillen suggested having a joint meeting or social event in order to have the Board members meet everyone in the maritime community. He told Mr. Moyer that the Board was charged by the Governor to look at everything in due diligence. The Chairman said there was no preparation with this new Board but that they are making strides. He said there is nothing draconian coming out and that the staff and Board have had a real education process in the last couple of months. The Chairman said we are all in alignment here on the goals and objectives.

Ms. Clemente said she was looking forward to meeting with VMA in order to maximize our potential. Mr. Pullen also thanked Mr. Moyer. Chairman Quillen said there needed to be more communication. Mr. Boyd advised that he met with Mr. Moyer and that he was invited to participate in the VMA membership. Mr. Bergeron told Mr. Moyer that VMA's absence in Northern Virginia was "resounding". Mr. Moyer explained that the name of the organization was changed from Hampton Roads Maritime Association to Virginia Maritime Association.

Mr. Moyer mentioned the 92nd Annual Virginia Maritime Banquet and Symposium that is planned to be held in May 2012. Information on the event will be provided to Board members.

There being no further business and no public comments, the open meeting adjourned at 2:35 p.m.

(Presentations can be viewed on VPA's website: <http://www.portofvirginia.com/corporate/board-room.aspx>)

The next regularly scheduled meeting of the Board of Commissioners will be held in the Authority's Conference Room, 600 World Trade Center, Norfolk, on Tuesday, January 24, 2012, at 11:00 a.m.

Happy New Year! The 2012 meeting schedule for the VPA Board of Commissioners is:

January 24

March 27

May 22

July 24 (Annual Meeting-Election of Officers)

September 25

November 27

Respectfully submitted,

Debra J. McNulty
Clerk to the Board